



**FILED**  
10-30-17  
04:59 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the  
Commission's Own Motion into the Rates,  
Operations, Practices, Services and Facilities  
of Southern California Edison Company and  
San Diego Gas and Electric Company  
Associated with the San Onofre Nuclear  
Generating Station Units 2 and 3.

Investigation 12-10-013  
(Filed October 25, 2012)

And Related Matters.

Application 13-01-016  
Application 13-03-005  
Application 13-03-013  
Application 13-03-014

**STATUS CONFERENCE ISSUE STATEMENT OF SOUTHERN CALIFORNIA  
EDISON COMPANY (U 338-E)**

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Dated: October 30, 2017

Pursuant to Ruling Paragraph 2 of the October 10, 2017, Ruling of Assigned Commissioner and Administrative Law Judge Setting Status Conference (the “October 10 Ruling”), Southern California Edison Company (U 338-E) (“SCE”) respectfully submits this Status Conference Issue Statement.

The October 10 Ruling notes that the Commission reopened the record in this proceeding to review whether the Settlement complies with the Commission’s Rule 12.1 governing settlement in light of certain ex parte communications that the Commission found were reportable under Rule 8.4.<sup>1</sup> The October 10 Ruling states that the Commission “has an adequate record” to decide whether the Settlement complies with Rule 12.1, but that the Commission has not yet decided this issue.<sup>2</sup> Accordingly, SCE does not further comment on that issue at this time, but notes that it continues to support the existing Settlement and believes it meets the standards set forth in Rule 12.1.<sup>3</sup>

The October 10 Ruling further states that, if the Commission determines the Settlement does not satisfy Rule 12.1, the Commission requires additional record support to address cost allocation.<sup>4</sup> Specifically, the October 10 Ruling identifies two issues to be addressed in evidentiary hearings: (1) “Determination of cost allocation between shareholders and ratepayers for costs resulting from the SGRP failure,” and (2) “Determination of how to address the \$25 million for the contribution to the University of California for research regarding reduction of

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<sup>1</sup> October 10 Ruling at 7. While the ruling characterizes these ex parte communications as “unlawful,” *id.* at 7, 9, the Commission has previously observed that it was not the communications themselves that were unlawful, but only the failure to file timely reports when required. Decision Affirming Violations of Rule 8.4 and Rule 1.1 and Imposing Sanctions on Southern California Edison Company (D.15-12-016) at 60 (COL 4) (Dec. 8, 2015).

<sup>2</sup> October 10 Ruling at 7-8.

<sup>3</sup> *See, e.g.*, Status Report and Further Recommendations of Southern California Edison Company (U 338-E) at 20-37 (Aug. 15, 2017) (“August 15, 2017 Brief”).

<sup>4</sup> October 10 Ruling at 7.

GHG emissions in light of now documented previous *ex parte* contacts between former President Peevey and the University of California.”<sup>5</sup> The October 10 Ruling invites parties to comment on those issues and whether any additional issues should be considered.<sup>6</sup>

In numerous prior submissions, SCE has commented on these two issues, as well as the eight sub-issues identified in the October 10 Ruling.<sup>7</sup> In the interest of brevity, SCE summarizes its positions as follows and will elaborate on these issues as the proceeding progresses:

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<sup>5</sup> October 10 Ruling at 9-10.

<sup>6</sup> *Id.* at 10.

<sup>7</sup> *See generally* Brief of Southern California Edison Company (U 338-E) in Support of the SONGS Settlement Agreement, as Adopted by the Commission in D.14-11-040 at 27-34 (July 7, 2016) (“July 7, 2016 Brief”); August 15, 2017 Brief at 20-23.

<b>Issue</b>	<b>SCE Position</b>
Base plant	Should be recovered consistent with precedent allowing recovery of investment in prematurely retired plants. <sup>8</sup>
Pre-outage RSG costs	Should be recovered because it was used and useful plant. <sup>9</sup>
Rate of return	The significantly reduced rate of return allowed by the Settlement is reasonable, particularly in light of extended amortization period. <sup>10</sup>
2012 base O&M	Should be recovered because staff could not be reduced while plant was working to restart, which was expected. <sup>11</sup>
Foregone sales	Should be recovered, consistent with treatment of market purchases. <sup>12</sup>
Nuclear fuel contract cancellation	Contract commitments should be recovered because made prior to outages; <sup>13</sup> prudence of terminations being reviewed in the Nuclear Decommissioning Cost Triennial Proceeding. <sup>14</sup>
Refund of MHI payments	Sharing of recoveries, net of legal costs, aligns incentives and is reasonable. <sup>15</sup>
Refund of legal costs of MHI arbitration	Sharing of recoveries, net of legal costs, aligns incentives and is reasonable. <sup>16</sup>
UC Contribution	Lawful, but up to Commission's discretion. <sup>17</sup>

SCE will present expert testimony and briefing on these issues, as allowed by the October 10 Ruling.<sup>18</sup> To evaluate properly whether and how to change the Settlement's allocation of

<sup>8</sup> Decision Approving Settlement Agreement As Amended and Restated by Settling Parties (D.14-11-040) at 76-78, 98-99, 114-115 (Nov. 25, 2014); Brief of Southern California Edison Company (U338-E) on Phase 2 Issues at 5-14, 33-36 (Nov. 22, 2013) ("Phase 2 Brief"); July 7, 2016 Brief at 41-55; August 15, 2017 Brief at 22-23, 36.

<sup>9</sup> D.14-11-040 at 100-101; Phase 2 Brief at 16-22, 33-38; July 7, 2016 Brief at 34-41; August 15, 2017 Brief at 36.

<sup>10</sup> D.14-11-040 at 76-78, 98-99; Phase 2 Brief at 7-8, 14-15, 22-32; July 7, 2016 Brief at 27, 31-32, 41-42, 48-50, 53-61; August 15, 2017 Brief at 20-23, 35, Appx. B at 59-60.

<sup>11</sup> D.14-11-040 at 74, 88-91; Phase 2 Brief at 72-80; July 7, 2016 Brief at 62-63; August 15, 2017 Brief, Appx. B. at 59.

<sup>12</sup> D.14-11-040 at 104-05; July 7, 2016 Brief at 63-64.

<sup>13</sup> D.14-11-040 at 94-96; Phase 2 Brief at 51-52; July 7, 2016 Brief at 60-61.

<sup>14</sup> Joint Application of Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company (U 902-E) for the 2015 Nuclear Decommissioning Cost Triennial Proceeding, A-16-03-004.

<sup>15</sup> D.14-11-040 at 105-07; July 7, 2016 Brief at 65-67.

<sup>16</sup> See footnote 15.

<sup>17</sup> July 7, 2016 Brief at 78-79.

costs, it will be important for the Commission to have information on the most current outlook on comparative customer costs had SONGS continued to operate.<sup>19</sup> Accordingly, SCE will present expert testimony regarding the economics of SONGS operation, including a comparison of the going-forward costs of SONGS with the costs resulting from reliance on the market.<sup>20</sup>

SCE does not recommend any additional issues for hearings at this time.<sup>21</sup>

The October 10 Ruling sets forth a preliminary schedule<sup>22</sup> and solicits parties' comments.<sup>23</sup> SCE supports the Commission's intention to resolve this matter expeditiously and does not have any comments on the proposed schedule.

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<sup>18</sup> October 10 Ruling at 10.

<sup>19</sup> August 15, 2017 Brief at 43-44. The Commission has repeatedly held that, when an outage results from utility imprudence, customers should be "held harmless," which is accomplished by disallowing incremental costs net of avoided costs. *Id.*

<sup>20</sup> *See id.* at 44-47 & Appx. B.

<sup>21</sup> SCE reserves the right to contest any modifications to the outcomes set forth in the Amended Settlement Agreement approved by D.14-11-040. If the Commission invalidates the Settlement in its entirety, SCE reserves the right to seek recovery of costs that it agreed to forgo as part of the Settlement. *See* August 15, 2017 Brief at 34-35; Joint Ruling of Assigned Commissioner and Assigned Administrative Law Judge Directing Parties to Provide Additional Recommendations for Further Procedural Action and Substantive Modifications to Decision 14-11-040 at 35 (Dec. 13, 2016) ("Litigating Phase 3, as if the Agreement had never been adopted, may further harm ratepayers.").

<sup>22</sup> October 10 Ruling at 12.

<sup>23</sup> *Id.* at 11.

Date: October 30, 2017

Respectfully Submitted,

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